SEEKING LEGITIMACY:
THE CONSTRUCTION OF BANKING LAWS IN PORFIRIAN MEXICO AND THE BRAZILIAN FIRST REPUBLIC

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Latin America’s present day economic leaders, Brazil and Mexico\(^1\), both began the process of industrialization in the late nineteenth century. The creation and development of local industries such as paper, textile, food processing, and mineral production in these countries began to replace imports at the turn of the century. The search for capital both to found and sustain these new industries naturally followed. In Brazil’s industrial center of São Paulo, immigrant industrialists formed alliances with local elites while maintaining connections abroad to access both domestic and foreign capital for their ventures.\(^2\) Meanwhile, established merchants in the Northeast of Mexico also capitalized on their local and international financial connections to embark on the path toward industrialization.\(^3\) As industry grew and the complexity of ownership and investment increased, entrepreneurs and investors required financial institutions to store, generate, and transfer funds that may have originated from private individuals, families, or overseas organizations. Industrialization thus created its entrepreneurs’ and investors’ need for a formal banking system in their respective countries. It would be up to the governments of Brazil and Mexico to provide it.

Porfirio Díaz, after losing Mexico’s 1871 presidential election to liberal reformer Benito Juárez, managed to oust Juárez’s successor Sebastián Lerdo de Tejada in 1877. Díaz’s fixation on economic progress called for expensive campaigns in order to modernize the country. In order to fulfill his plans for a national railway and Mexican agricultural and industrial self-sufficiency, the Porfirian regime would need to raise

\(^1\) According to 2003 estimates from the World Factbook, Brazil is the ninth largest economy in the world with a GDP of 1.375 trillion US dollars. Mexico’s economy was the 12\(^{th}\) largest in the world, with a GDP of 941.2 billion dollars. The next largest Latin American economy was Argentina, ranked 22\(^{nd}\) amidst all countries, with a GDP less than half of Mexico’s – 435.5 billion dollars.


money that it did not have. Industrial and agricultural self-sufficiency could generate government revenues in the future, but in the meantime the Porfiriato had to look elsewhere - abroad - for its financing. However, the authoritarian regime would have to win over foreigners wary of both its sudden, and potentially unstable, rise to power, as well as Mexico’s notorious history in the field of debt repayment. In short, investors had to be assured that their property was secure and that they would see their money again. Like its industrialists, the Mexican government needed a formal banking system in order to encourage investments. I will argue that the Porfirián government promoted and structured banking laws with the intention to legitimize its political control in the eyes of foreign investors and thus reap the benefits of their funds. Promoting public, domestic investment in industry via financial institutions proved a secondary concern for the regime.

Mexico’s industrial growth occurred largely after Díaz and his regime assumed control of the country and implemented policy aimed directly at the promotion of industry. In Brazil, industrialization acted more as a catalyst for political change than vice versa. Brazil’s shift toward the exportation of coffee in the early nineteenth century paved the road toward industrialization. The conservative Brazilian monarchy now faced powerful regional elites in the Rio de Janeiro and São Paulo states where the coffee boom, and the first industrial ventures, largely centered. These elites, comprised of wealthy landowning families, would eventually support the overthrow of the monarchy in

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5 The importance of Mexico’s history of debt repayment (or nonpayment) will be explained in the case study of Mexico.

6 See Dean 1969, 3-15.

1889 and the establishment of a decentralized government in which their power was virtually unchecked by the State. In exchange for regional support for regime change, the federal government of the First Republic was forced to grant the most powerful state governments authority over key issues including rights to imperial lands, setting tariffs on exports, and the ability to accept foreign loans. The federal government thus immediately inherited a significant financial problem. Taxes on trade as well as the allocation of foreign loans, the greatest potential means of raising government revenue, were often vested in the states. In contrast to Mexico, I suggest that the Brazilian government implemented a banking system that was aimed toward domestic, not foreign, participation and investment. Strong state governments had made interstate trade costly due to high “export” taxes. By structuring its national banking laws in a way to encourage domestic, interstate investment and trade, the federal government sought legitimization from its states by fulfilling one of the few roles the states could not.

My research will thus argue that due to the difference in political regimes, Mexico and Brazil instituted banking laws that were respectively welcoming and discouraging to foreign capital. I will further argue that the motivation for these differing policies toward foreign investment lies in the governments’ desire for political legitimization. The Porfirian regime sought legitimacy from (wealthy) foreigners, who were the potential investors that would fulfill the regime’s plans for modernization. The authoritarian Porfirian regime did not have to seek legitimacy from its citizens, who, whether they supported Díaz or not, had no present means to overthrow it. The government of Mexico required direct access to capital, while also preventing widespread access to impersonal

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sources of capital, in order to maintain its sole, autocratic control over the country’s development. The government’s nature as a dictatorship required that it alone be able to finance economic projects related to industry, transportation, and infrastructure. By controlling the wealth, resources, and economic power within the country, the dictatorship would use its access to invested capital to check regional elites, reward compliant officials, and reap profits from any large-scale successful industries.

The First Republic of Brazil, on the other hand, was not concerned with winning over foreign opinion for itself. Brazil was already established as a lucrative international trade partner for raw cotton and sugar, as well as coffee exports, before the emergence of the new republican regime. Large amounts of wealth, earned prior to industrialization, existed within the country. The federal government, however, needed access to this domestic capital. Brazil’s government therefore sought legitimacy from the states that housed this capital. By creating banking laws that made it easier for Brazilian industrialists and investors to do business without foreign capital, the Brazilian federal government asserted itself as a necessary, and legitimate, political power. Because of its nature as a republican regime, the federal government was to some degree constrained by the wishes of the states. These constraints will become manifest by studying the banking laws enacted by the First Republic.

As my research aims to study the policies of federal governments demonstrated through banking laws, I will focus on the two governments that existed at the time of the emergence of national banking systems in Mexico and Brazil. For Mexico, this period corresponds to the Porfirian regime of 1877-1911, during which the first laws aimed to redesign the banking system in the face of industrialization occurred. I will concentrate
on the period of 1889-1930 in Brazil, from the overthrow of the monarchy and the creation of the First Republic to the Revolution of 1930 and the instatement of Getúlio Vargas as Brazil’s president. This period of Brazilian history encapsulates not only the majority of pre-World War II industrial growth, but also the first attempts at creating republican financial institutions.
Literature Review: Brazil

Many works have focused on the rise of industry in Brazil. Often, these works credit a small group of merchants turned entrepreneurs for the rise of industrialization in particular regions before industrialization’s spread throughout the country. In Dean’s *The Industrialization of São Paulo, 1880-1945*, the author takes an in-depth look at the “players” of early Paulista industrialization. He studies the social origins of the plantation and immigrant bourgeoisie, whose collaboration spawned local manufacturing, or “finishing,” of imported materials, eventually leading to the manufacturing of domestically cultivated materials. Dean acknowledges the importance of the Paulista state’s relative autonomy from the federal government in fostering an environment that would lead to industrial growth, but reverts back to the view that the ultimate “cause” of this growth lay in the entrepreneurial individuals of São Paulo. Dean’s work studies the sociological motivations of the Paulista elite for industrialization. Not addressed are the motivations of the Brazilian government’s policy toward domestic investment in industry, which I aim to discuss by way of national banking laws. Font, Katzman, and Shirley also write about the emergence of industry in the state of São Paulo and its relation to the coffee trade, but, like Dean, concentrate on important social groups’ roles in industrialization, and rarely discuss any level of government policy higher than the state. Perhaps this neglect to consider the federal government’s banking policies (or for

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10 Dean 1969, 15.
the most part, any federal policies in the late nineteenth century until 1930) was inspired by the assumption that since major Brazilian states possessed almost autonomous rights, only the states would be influential in matters dealing with their industrialization.

Some works have concentrated on the creation of banking systems in Brazil under the First Republic. In her expansive work, Triner tackles the issue of the First Republic’s banking system. She identifies three trends in Brazilian banking. From 1889 – 1906, Triner contends that efforts were unsuccessfully made by the federal government to create a national banking system. Grossly liberal deregulation and bad economic conditions led to the failure, Triner argues. During the period of 1906 – World War I, Triner suggests that the federal government’s more conservative reorganization of the banking system and the semi-official Banco do Brasil allowed banks to integrate into the Brazilian national economy. From the end of World War I until 1930, Triner identifies a dependence on domestic investment due to harsh international economic conditions imposed by the war. Thus the modern national banking system finally took root in the Brazilian economy and society.

Triner discusses some of the federal government’s motivations for conducting such a costly campaign as creating a national banking system. The State instituted a national banking system for “meeting its debt obligations, establishing the parameters and tools of governance, and maintaining an increasingly professionalized bureaucracy.”

The autonomy of the states, the author proposes, constrained federal revenues and thus forced the State to control monetary policy in order to cover its expenses. The implementation of a national banking system would concentrate the power of monetary

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13 Triner 2000, 32.
policy with the federal Treasury, since the states would have to conform to some uniform standards in order to engage in interstate relations. I agree with the author’s conclusion that a national banking system would promote federal revenues as well as allow the State to flex some political muscle over the independent regions.

Triner’s research on the formation of the Brazilian banking system is extensive and generally compelling. However, some arguments require further examination. Triner finds no causal relationship between industrialization and banking. Industrialization and banking instead “relied upon each other to become self-sustaining.” Triner implies that short-term loans, the only type most banks were allowed to issue after 1906, were more costly to borrowers than beneficial.\(^{14}\) The link between economic development and banking also troubles Triner, as she finds no conclusive evidence that economic development is either aided or impeded by the presence of banks.\(^{15}\) If economic development and industrialization were not aided by the presence of a comprehensive national bank system, how do we account for capital formation, private investment in the stocks and bonds banks issued, and the fact that industry did take out short-term loans? One possible solution to this question is that banking provided the only present, if not best, access to capital for industry. I contend that the accessibility of capital to entrepreneurs and industrialists alone justifies banking’s supportive role for new economic and industrial development, contrary to Triner. Further, I suggest that the way in which federal governments create banking laws does have an effect on the ability for entrepreneurs and businesses to develop, expand, and create competitive markets.

\(^{14}\) Triner 2000, 104-108.
\(^{15}\) Triner 2000, 5.
In fact, Stephen Haber finds in “Industrial Concentration and the Capital Markets: A Comparative Study of Brazil, Mexico, and the United States, 1830-1930”, that “banking policies followed by governments made a great deal of difference in the development of credit markets and ultimately in the structure and rate of growth of industry.” Haber documents major developments in national banking systems in each of the three countries he studies, as well as market concentration within the textile industry. Haber argues that access to impersonal sources of capital, such as bank loans or the trading of stocks and bonds, discourages market concentration. (Haber defines market concentration as the degree to which all wealth and ownership within a market are distributed amongst multiple owners. It follows that the steel market is more concentrated than the textile market.) Haber finds that low barriers for industrialists to access impersonal capital in Brazil led to less textile market concentration than in Mexico, where impersonal capital was not as readily accessible to industrialists. I believe that Haber’s study supports my own hypothesis that The First Republic’s federal government encouraged its industrialists to access capital impersonally through national banks, whereas the Porfiriato designed select financial institutions to accommodate the flow of foreign capital, at the expense of entrepreneurs without personal (familial or political) access to capital.

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Literature Review: Mexico

A prominent theme in the literature pertaining to Mexican industrialization is the difficulty that industrialists and entrepreneurs encountered when founding their ventures. Haber notes that secure property rights, an efficient national transportation system, and impersonal sources of capital were all lacking in late nineteenth century Mexico. Haber contends that even though the process of industrialization began earlier in Mexico than in most Latin American countries, Mexico was not able to continue “the process of self-sustaining industrialization that took hold in England or the United States” because of these aforementioned obstacles. Haber views Porfirio Díaz as the catalyst for economic growth in Mexico during early industrialization. He concludes that the Porfiriato’s economic models and policies indeed furthered industrialization and economic growth in the country, until the inequalities and injustices of these same policies produced the Revolution of 1910. Haber’s work does mention Mexican banking laws, but focuses on the effect that these laws had on manufacturers. My paper will instead focus on the government’s cause for the creation of these laws, as opposed to their direct effect on domestic manufacturers.

Coatsworth’s Growth Against Development: The Economic Impact of Railroads in Porfriian Mexico, as its title suggests, tests the benefits of railroads on national income under Díaz’s rule. Coatsworth examines the political, legal, and social consequences of railway expansion. Although his focus ultimately differs from my own, Coatsworth’s

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18 Haber 1992, 2.
work is helpful in that it addresses the government’s aim to attract foreign capital and the incentives given for such foreign investment in the railways. Coatsworth writes that the Porfirian regime favored economic campaigns, such as subsidizing railway construction or dedicating resources to developing infrastructure, over the provision of social goods, such as public education.\textsuperscript{19} Coatsworth’s opinion of Porfirian priorities supports my theory that the Porfirian government sought legitimacy from rich foreign investors over the majority of Mexican citizens, including small business-owners and farmers. Just as Coatsworth sees many aspects of railway construction as more favorable to foreign investors’ pocketbooks than to Mexican society’s social and political well being, I expect to see banking laws following the same trend. I hypothesize that the government would have structured banking laws in a manner that would offer incentives to foreign investors in exchange for the Porfirian regime’s access to invested foreign capital, while limiting the accessibility of domestic entrepreneurs to impersonal capital.

One work that focuses on the government motivation behind its banking laws is Marichal’s essay, “The Construction of Credibility: Financial Market Reform and the Renegotiation of Mexico’s External Debt in the 1880s”.\textsuperscript{20} Foreign investors had little confidence in Mexico after the country had defaulted on British loans issued in the early nineteenth century, as well as neglecting payment of public debt. Mexico had halted payment on foreign loans from 1826 until 1886 – a period of non-repayment which Marichal deems “the longest of any nation in Latin American and perhaps in modern

\textsuperscript{19} Coatsworth 1981, 182.
world history.” Marichal hypothesizes that it was the formation of a powerful, privately held bank, the Banco Nacional de México, which eventually restored confidence in lending to the Mexican government. The Banco Nacional de México (Banamex), whose stockholders and directors were primarily wealthy European and North American investors, “assured foreign bondholders that they could now expect compliance of the Mexican government with international financial norms.” Compliance would be “assured” because, at the time of its formation in 1884, Banamex was the only bank large enough to provide the sums of capital the government needed in order to implement its economic campaigns, and therefore the government would have to keep Banamex and its shareholders content in order to access this capital. Banamex’s directors had Mexico agree to restructure its current debt, as well as repay the loans of the early nineteenth century, as an act of goodwill toward foreign investors. In addition to restructuring its debt, Mexico granted Banamex several exclusive privileges and would effectively make Banamex “the government’s bank.” While Marichal focuses exclusively on banking laws pertaining to the operations of Banamex, I hope to examine the effects of these laws on other existing banks and domestic investors as well. Marichal’s work primarily concerns Mexico’s debt repayment, whereas I will concentrate more on the allocation of these foreign funds for economic development.

21 Marichal 2002, 94.
22 Marichal 2002, 94-95.
23 It is important to note that at this time Mexico’s president was Manuel González, Díaz’s chosen successor. President González’s term lasted from 1880-1884, after which Díaz decided to resume his direct rule of the country. Although the administrations were intimately connected, sharing political ties and ideologies, many scholars contend that Díaz was wary of allowing González any large political gains that would threaten Díaz’s return to the presidency in 1884.
Case Study: Mexico

I will argue that the Porfirian government structured national banking laws to solicit foreign capital and investment in order to fund the economic and political projects that the regime could not finance with domestic capital alone. I further theorize that the Mexican government under Porfirio Díaz enacted banking laws that would create restraints on the government in order to secure legitimization from its foreign investors. Major banking legislation and events that I will examine include the ratification of Banamex in 1884, the restructuring of Mexico’s foreign debt in 1886, and the General Credit Institutions and Banking Act of 1897.

The establishment of Mexico’s first chartered bank predates the rule of Porfirio Díaz by little more than a decade. Until 1863, large mercantile houses connected with foreign businesses served as bank surrogates in Mexico. For the most part these mercantile houses offered their select clientele lines of credit or issued them certificates of deposit. Additionally, these commercial houses offered loans at rates of high interest to businessmen with strong familial or commercial ties. The financial services monopoly of the mercantile houses ended when a branch of the London Bank of Mexico and South America (the Banco de Londres y México) opened in the capital in 1863, becoming Mexico’s first chartered bank. Its success with wealthy foreign investors and domestic clients was due to “its skillful management, scrupulous fulfillment of its obligations, and

25 Economic and political projects that the regime undertook with the aid of foreign capital include railway construction, communication and mining infrastructure, and the strengthening of the Mexican military. The regime organized these campaigns in the name of modernization, but often Mexican officials profited greatly from the projects. Government officials, for instance, were able to “predict” the course of a railroad, buy land at a cheap price, and sell it back to the government later for profits. See Michael C. Meyer and William L. Sherman, The Course of Mexican History (New York: Oxford University Press, 1995) 439-464.
absence of speculative loans to the Government.”  

In contrast to its competitors, the mercantile houses, the Banco de Londres y México began limited use of bank notes.

By 1875, two banking centers began to emerge in Mexico: one in the capital of Mexico City, and the other in the state of Chihuahua, with the recently established Banco de Santa Eulalia and other small banks controlled by the state government. In 1881, Mexico’s Congress approved a charter to allow a French managed bank to establish what would later be the National Bank of Mexico (Banco Nacional de México) in the capital. The Banco Nacional de México, although not a national bank, would issue paper money and perform “the functions of cashier for the State.”

In 1884 the Mexican government faced a financial crisis. Costly state railroads projects in particular forced the government to seek loans and cash advances that the country’s banks could not provide. It was under these circumstances that Porfirian government approved the merger of two of the largest banks in the capital – the Banco Nacional de México and the Banco Mercantil. Banamex, as the resulting financial entity would be known, was modeled after the Bank of England in that it would be exclusive issuer of paper currency as well as extend short- and long-term credit to the government and, in times of emergency, other banks.

The concessions made to Banamex and its largely foreign shareholders represent the Mexican government’s penchant for monopolies over competition. However, the Code of Commerce, drafted in 1884, which would have legalized these concessions, met with fierce political opposition over

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27 Conant 1910, 8.
Banamex’s potential control of paper currency from political elites connected with Banamex’s major competitor, the Banco de Londres y México.\textsuperscript{30} The failure to enact any banking laws awarding exclusive, monopolistic, privileges to Banamex with the Code of Commerce demonstrates how important foreign investment was to the Porfirian government. Foreign capital was so direly needed that any legislation not approved by one group of foreign investors, in this case those associated with the Banco de Londres y México, was not politically viable. Banamex’s full power as an unofficial government bank was not realized until the enactment of the General Credit Institutions and Banking Act of 1897.

The Mexican government’s debt conversion in 1886 is important in that it shows the marked change in policy, and attitude, toward foreign capital between the Díaz government and its predecessors. Although Banamex was not immediately awarded privileges characteristic of a central bank, it still exercised enormous financial influence in the country immediately after its ratification in 1884.\textsuperscript{31} Two years after its ratification, Banamex occupied a central role in converting foreign debt that Mexico had, in some instances, not served since the mid 1820’s. This debt, for the most part the product of unpaid loans from colonial days, supporters of Benito Juárez’s campaign against the French occupation, and British investors, had accumulated with interest to almost £23.5 million in 1885.\textsuperscript{32} Mexico’s reputation for defaulting on loans compelled the Porfirian regime to negotiate with foreign banks and investors in order to secure the funds the regime required.

\textsuperscript{30} Maurer and Haber 2002, 25.
\textsuperscript{31} After all, only 8 banks were operating in all of Mexico in 1884. See Haber 1991, 565.
\textsuperscript{32} Marichal 2002, 96.
The negotiations with European investors began in 1863 under the presidency of Díaz’s (temporary) successor, Manuel González. The head of Banamex’s European board was assigned the role of liaison between the Mexican government and foreign bondholders of Mexican debt. When a provisional agreement had been made by the González administration and the foreign investors to convert the outstanding debt and transfer future debt repayments via Banamex, opposition to the plan resulted in battles in the national Congress as well as the streets. Politicians, newspapers, and university students opposed to the proposal criticized the inclusion of several multi-million-peso commissions to agents negotiating the debt repayment, as well as the fact that President González would profit greatly from the sizeable quantity of old Mexican bonds which he held. Public protests against González’s plan for debt reconversion led to hundreds of injuries and two deaths when they were met by Mexican authorities. The demonstrated outrage by students and the Mexican press resulted in the abandonment of the González proposal. The government’s first attempt at debt conversion, and another step toward better relations with foreign investors, had been momentarily stalled by a portion of the citizenry.

When Porfirio Díaz resumed power in 1885, the debt conversion and payments were realized. Attention was paid to wealthy bondholders, foreign investors, and elites associated with Banamex, and not the Mexican media and populace which had effectively shut down González’s attempt at debt conversion. Banamex was used as the sole agent for Mexico’s debt repayments abroad, by transferring government deposits to accounts in London upon which bondholders would draw. After some period of successful and timely debt payments, the Mexican government secured three significant
loans from European markets between 1889 and 1893, and local governments also successfully solicited loans from European creditors. By repaying its loans and thus winning favor with foreign investors, the Mexican government ignored a large portion of educated citizens who feared that government corruption and favoritism was inflating the price and value of old Mexican bonds. An article in the London Times considered the plan to convert and repay the loans “in opposition to the interest of Mexico…The only explanation is that the Mexican government are greatly harassed by the persistent demands of the National Bank of Mexico.” The Times condemned close ties between Banamex bankers and other European banks in possession of old Mexican bonds, even though Banamex was formally negotiating in Europe on behalf of the Mexican government. Points of contention by the Times and Mexican contemporaries dealt mainly with the terms of the debt repayment, seen to favor key European financiers and Mexican government officials, rather than the issue of debt repayment itself. In the end, the constraints and conditions placed on the Mexican government by Banamex did open the door for foreign investment during the Porfiriato, as well as pave the way for legislation that would further ensure a steady flow of foreign capital.

The first major piece of banking legislation since Mexico’s independence was The General Credit Institutions and Banking Act of 1897. This act followed a preliminary banking law drafted in the previous year, and elaborated on the key concepts and concessions described by the preliminary law. Before 1897, banks were approved to operate on an individual basis by the Secretary of Finance. The small number of banks operating before 1897 suggests that entry barriers were high and political connections

33 Marichal 2002, 110.
necessary in order to gain a charter for a bank. The act of 1897 can be read as an attempt to modernize and make uniform the banking system of Mexico, as well as a compromise aimed to please distinct groups of political and economic power in the country.

The General Credit Institutions and Banking Act of 1897 is organized into six chapters followed by two transient articles. Pertinent to my paper are Chapters I and II, which address, respectively, the organization of credit institutions and the laws concerning banks of issue. Chapter I – “Of credit institutions and their organization” – provides two very important clues as to how the Porfirian government successfully orchestrated its banking laws to prevent competition and favor specific banks. Article 6 ensured that only the Executive (Porfirio Díaz and his administration) could grant bank charters. Thus the Federal government awarded itself the power to regulate and limit competition within the national banking system. This article alone assured that political favoritism would remain the most significant entry barrier to establishing a bank in Mexico. Coupled with high initial minimum capital requirements, effectively only large, politically connected banks could enter the Mexican banking system. By locating

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35 Articles pertaining to mortgage banks, banks of promotion, enactments common to all banks, and general taxes are established in Chapters III-VI. Analysis of these latter chapters is excluded for particular reasons. First, the federal government did not actively seek or secure loans from either mortgage banks or banks of promotion. Mortgage banks offered loans secured by real estate, and were expressly forbidden to issue mortgages on government property. Banks of promotion (bancos refaccionarios) were authorized to make short-term loans not exceeding two years for the promotion of agricultural, mining, and industrial transactions. The function of these banks was to provide emergency short-term loans to agricultural and industrial entrepreneurs who needed to pay wages, buy machinery or seeds, or had encountered other unforeseen immediate expenses. Second, I do not treat the chapters that describe enactments common to all banks or general taxes because these chapters offer no insight into possible government biases or favoritism concerning foreign capital and investment. Chapter V, on common enactments, concerns primarily bankruptcy procedure and the right of the Department of Finance to demand asset disclosure. Chapter VI, on franchises and taxes, describes documents subject to stamp taxes and the expiration date on tax exemptions. Any exceptions to the articles established in these chapters are expressed in the previous chapters on specific classes of banks.

36 Chapter I, Article 11 of the 1897 banking law required that banks of issue would need $500,000 pesos to be considered for a charter. In 1897 this translated to roughly US$250,000, of which 50% was required in cash. These minimum capital requirements were approximately twice those required in the United States. See Maurer and Haber 2002, 26.
the power to charter all banks in the country with the autocratic government and setting high minimums for start-up capital, the General Credit Institutions Act of 1897 closed the doors for most new or small banks to enter the market. Instead, the two foreign-dominated and largest banks, Banamex and the Banco de Londres y México, would be able to maintain their control over the Mexican banking system.

Chapter II – “Of banks of issue” – reveals further strategies to keep the Mexican banking system concentrated in a few hands and dominated by two foreign-backed banks. Banamex and the Banco de Londres y México were the only two banks in the country that enjoyed a special privilege that could only be awarded by the Executive:

Banks established in the States and federal Territories shall not open branches or agencies for the redemption of their notes outside of the State or Territory where they are authorized to operate, save with the special permission of the Executive, which shall only be granted when there is close community of commercial interests among the States covered by the permission. On no account shall permission be granted for the establishment of such agencies or branches in the federal district.37

State banks thus remained relatively small and local, while Banamex and the Banco de Londres y México were allowed to establish branches across the country and thus compete with state banks outside of the capital, while preserving their control of Mexico City and the federal district. The act of 1897 also favored the two largest banks by allowing them lower reserve requirements against notes that they issued than state

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banks. The result was that foreign-controlled banks dominated the financial system of Mexico during the Porfirian era. In 1909, Mexico’s largest bank, Banamex, had issued over 43% of all notes in circulation and accounted for over 40% of all assets of banks of issue. The next largest bank of any type, the Banco de Londres y México, had issued over 15% of bank notes, and accounted for nearly one fourth of the total assets of all banks of issue. Together, these two banks held over 52% of total assets for all banks of all types in Mexico.

The Porfirian government did award the smaller state banks, the majority of which were controlled by groups of wealthy local elites, some concessions with the act of 1897. Although the state banks would now have to compete with Banamex and the Banco de Londres y México, which were authorized to open branches across state lines, the new banking law discouraged further local competition by allowing only the first bank in a state exemption from a 2% annual tax on paid-in capital. Article 1 of the transient articles exempted Banamex and the Banco de Londres y México from this tax, and Article 2 allowed all existing state banks, regardless of number, to be considered the “first” bank of their respective states. Future competition was thus somewhat limited, and the state banks could enjoy some degree of control of their respective local markets.

The General Credit Institutions and Banking Act of 1897 thus established a national banking system that formalized and legally justified the already-present dominant position of foreign-controlled banks. Especially concerning banks of issue, the Porfirian government effectively created a banking duopoly between Banamex (owned by French, German, British, and some Mexican investors) and the Banco de Londres y

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38 Maurer and Haber 2002, 25.
México (largely run by British investors). Foreign shareholders of these banks enjoyed exclusive access to the wealthy federal district of Mexico City, recognized the legal approval and expansion of their market control, and witnessed the government’s initiation of debt repayment. The Díaz government had thus structured its national banking and finance laws to be suitable to the foreign investors and shareholders that would provide the regime with the access to loans and capital needed for the regime’s economic and industrial ventures. The series of banking and financial commitments described in this section demonstrates the intention of the Díaz government to enact policy as favorable to overseas investors as possible. The Mexican banking system was not constructed in order to promote domestic investment or participation in the system, but rather to funnel foreign capital into the country to fund projects approved by the Porfirian government. These projects were dedicated to increasing infrastructure, modernizing the country, and thus casting the regime in a good light in the eyes of foreigners.

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40 Marichal 2002, 100.
Case Study: Brazil

In this section I will explore political motivations for the structuring of banking laws during the rule of Brazil’s First Republic. I have theorized that the republican federal government, albeit closer to an oligarchy, would have been interested in promoting and accessing domestic capital and thus would have structured banking laws accordingly. Catering to the wishes of foreign investors and making allowances for foreign banks would not be the primary concern of the federal government, who preferred to win legitimacy from domestic leaders in order to access revenue and maintain power. I will examine the controversial banking laws of 1890, the Funding Loan of 1898 and the rechartering of the Banco do Brasil in my case study of Brazil.

Two banking laws passed at the inception of the First Republic’s reign dictated the intended direction of the modern Brazilian banking system, which was to be little regulated as well as centrally structured. These laws, Decree 165 of January 1890, and the Commercial Code of 1890 (Decree 164 of January 1890), addressed important issues for the emerging banking system, as well as signaled the position of the federal government in favoring or ignoring certain banking interest groups. The principal domestic groups exerting influence on the federal government were the manufacturer/industrialists, the agricultural planter elites, and Brazilian financiers, who included rich merchants, bankers, or investors not primarily associated with the emerging

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41 During the First Republic, some 70 per cent of Brazilian citizens were barred from voting due to literacy requirements. See Jordan M. Young, The Brazilian Revolution of 1930 and the Aftermath (New Brunswick: Rutgers University Press, 1967), 19.
industries and tended to be of monarchist origins.\textsuperscript{42} With these groups in mind, as well as foreign investors, I will study the implications of the two decrees mentioned above.

When the empire was overthrown in 1889, the financial system in Brazil was disjointed and controlled principally by foreigners. In 1888, only seven of the twenty Brazilian states housed at least one of the twenty-six banks in existence in the country. Not surprisingly, most of these banks were located in the Rio de Janeiro district. Merchant houses, common in industrial centers like the state of São Paulo, offered short-term loans to businesses, but normally only to those connected to the merchant house through close personal or family ties. Despite its limited size, the financial system was actually thriving in 1889 when the First Republic was established. The prime minister of the last empire had granted some banks generous privileges just before the empire’s overthrow, including the right of twelve private banks to distribute and issue currency and the guarantee of public, interest-free loans to a total of seventeen banks. Banks also were allowed to buy and speculate on stocks, leading to an abundance of trading and investment on the Bolsa de Valores, the Rio stock exchange.\textsuperscript{43} Additionally, the imperial government had implemented the gold standard in order to stabilize and unify the price of the Brazilian mil-réis.\textsuperscript{44} The gold standard would surely attract foreign investors who formerly dealt with fluctuating exchange rates - even between the highly autonomous Brazilian states - by making the value of the currency relatively predictable. It was during this banking boom that the provisional republican government crafted its first pieces of financial legislation.

\begin{thebibliography}{9}
\bibitem{Topik1987} Topik 1987, 28-29.
\bibitem{Triner} Triner 2000, 44.
\end{thebibliography}
The First Republic’s provisional government (November 1889 – February 1891) enacted two pieces of legislation, Decrees 164 and 165, in January of 1890. These laws continued the economically liberal policies of those laws enacted in the last months of the empire. Decree 164, known as the Commercial Code of 1890, lessened the burdens of establishing joint stock limited-liability companies. The law also legalized purchasing public stock on margin by banks, and required disclosure of finances, presumably in the interests of investors. Domestic participation in the new banking system was thus encouraged, and naturally followed. In the Federal Capital of Rio de Janeiro alone, 57 banks were operating by the end of 1890, many owned by Brazilian financiers. Outside of Rio, federal and local officials alike promoted the creation of small, rural banks in order to support or expand the national banking boom. While Decree 164 lowered the entry barriers for many financial entrepreneurs to create banks and other financial institutions, Decree 165 went as far as to create three regional super-banks in anticipation of demands for credit from industrialists, agriculturists, and other Brazilian businesses. The three banks, the Banco dos Estados Unidos do Brasil, the Banco Nacional, and the Banco do Brasil, were awarded the right to issue a quantity of bank notes far larger than currency already circulating. The three super-banks were responsible for issuing 95% of all bank notes in circulation by September of 1890. Since Decree 165 also called for all bank notes issued by the three super-banks to be backed not by gold, as banks notes issued during the last empire had been, but by Federal Treasury bonds, the law effectively suspended the use of the gold standard in Brazil. Because currency no longer need be

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45 Topik 1987, 29.
47 Ribeiro and Guimarães 1967, 118.
backed by deposits of gold, the value of the *mil-réis* dropped by 50% against the pound sterling from 1890-1891.\(^{49}\)

Domestic participation in the banking sector soared due to low entry barriers to creating banks to compete with foreign-run institutions and the suspension of the gold standard. The financial policy taken by the leaders of the First Republic does not appear to have been motivated at this time by the interests of foreign banks and investors. Instead of gaining favor from foreign investors, the federal government won the support of Brazilian imperial elites who operated the three super-banks, and hoped to assert the State’s own power and influence in the realm of financial policy by concentrating almost all of the country’s bank deposits in three domestic banks. The federal government reportedly negotiated with “leading bankers, investors, and merchants”\(^{50}\) in drafting the laws of 1890, and not the industrial and planter elites who would have had closer financial ties with foreigners.\(^{51}\) The abandonment of the gold standard is the feature of the 1890 reforms that signals the State’s interest in domestic expansion over foreign investment. An abundance of money in circulation would hopefully spur the expansion of intrastate industry and production by providing accessible capital to business. The State also instantly mitigated any domestic government debt by devaluing the *mil-réis* at the risk of jeopardizing its ability to meet foreign debt obligations. This risky trade-off must have been undertaken with the belief that, in the long-run, federal access to capital

\(^{49}\) Triner 2000, 45.

\(^{50}\) Topik 1987, 30. Topik reports that this group of domestic financiers were primarily “monarchist” elites who retained regional power in many of the Brazilian states. Appeasing these monarchist elites would have been important to the new Republican government who feared being overthrown themselves.

\(^{51}\) The reliance on foreign investment, capital, and connections by industrialists is outlined in Dean, 1969. Coffee growers apparently preferred the gold standard to the rampant inflation because of the high prices of coffee on the international market and the worry that foreign investors would not do business in Brazilian currency due to its unpredictability. See Triner 2000, 45.
via the regional banks would benefit the federal government more than preserving credibility to foreign investors in the short-term.

The hopes of the federal government to encourage domestic participation in the banking system and funnel business to monarchist-operated super-banks rather than depend on loans from foreign creditors met with a devastating end. The inflation caused by the abandonment of the gold standard had predictably hurt foreign investment, raised the cost of living, and inspired a stock market crash due to irresponsible share trading. The period of these reforms and the booming financial environment it encouraged was termed the Encilhamento (a Portuguese expression for the opening of the starting gates at a horse race). As small banks began closing as early as 1892 due to uncertain investments and the receipt of overvalued stocks for collateral, the federal government adopted more conservative banking policies. The failure of the Republic to establish a secure and profitable banking system had diminished the confidence of foreign investors and the states alike. In order to guarantee its legitimacy to both foreign creditors and local domestic elites, the federal government solicited funding to aid the Brazilian banking network. The First Republic could not survive, financially, on the capital created by domestic expansion alone. It would have to consider, at least in part, the demands of international creditors. After 1898, banking policy reflects a very different motivation from the expansionary goals set in the first years of the Republic.

The Funding Loan of 1898 marks a drastic shift in federal monetary policy. In order to offset the financial crisis caused by the Encilhamento, the First Republic, under President Manuel Ferraz de Campos Sales, turned to foreign lenders. The Funding Loan

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52 Triner 2000, 45.
53 Triner 2000, 45.
54 Topik 1987, 34.
of 1898 was a British loan aimed above all to raise the price of the *mil-réis*, which would theoretically benefit the Brazilian economy, in addition to the lenders who anticipated high returns after interest would be paid in the stronger currency. While the federal government had suspended the gold standard to lower the value of the currency for its own interests, foreign investors now demanded that the value of currency be raised for their own. The Funding Loan did not require the extreme measure that the gold standard be completely reinstated, but bank notes were to be withdrawn to deflate the currency. The federal government was also not to accept additional foreign loans for three years in an attempt to limit the amount of money in circulation. Finally, the Funding Loan required that all interest payments on the loan be overseen by foreign banks. The government of Campos Sales complied. Congress repealed all laws allowing either the federal or state governments to issue notes of currency and arranged a schedule to retire bank notes. The *mil-réis* did regain its value; it never dropped below the exchange rate of 1898 until after World War I. The financial crisis spawned by the *Encilhamento* had stripped the federal government momentarily of its control of national monetary policy. Instead, the British loan insured that, for years, national banking laws and policy were dictated in large part by foreign investors.

The supposition that the new federal government of the First Republic would have sought legitimacy first from domestic interest groups to ensure its power and political survival is challenged by the actions of the Campos Sales administration. Clearly, the government appealed to the wishes of foreign investors by structuring and repealing national banking laws in accordance with the Funding Loan of 1898. Critics of the

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55 Terms of the Funding Loan of 1898 were gathered from Topik 1987, 37 and Ribeiro and Guimarães 1967, 130.
56 Triner 2000, Figure 3.1, 41.
Funding Loan, including the majority of coffee elites and industrialists,\textsuperscript{57} found the terms unduly burdensome by allowing foreign financiers control over government policy, as well as raising the exchange rate to hurt exports. Banks were also immediately affected by the withdrawal of currency, and many were not able to extend credit due to lack of capital.\textsuperscript{58} However, in this time of crisis, the federal government sided with the foreigners and merchants supportive of the Funding Loan. The federal government, wary of its own history of financial and monetary policy, and also perhaps without a viable alternative to solving the economic collapse, temporarily ceded control to the interests of foreign investors.

The first decade of the Republic, from 1889 – 1898, was marked by unsuccessful economic policies aimed at expanding the domestic economy at the expense of Brazil’s credibility in the foreign markets. The crises of the 1890’s following the Encilhamento, and of 1900, stemming from the deflationary policies of the Funding Loan, forced federal financial policy to align with foreign interests for years. From 1898 – 1905, Brazil’s federal government attempted economic recovery by appealing principally to terms set by foreign investors. In 1905, the creation of the Banco do Brasil (the fourth bank in the history of Brazil to use this name) signaled yet another change in federal economic policy. The nationalization of the federal government’s former principal bank, the Banco da República, to create the Banco do Brasil, was a conservative move to rebuild the Brazilian banking system. The laws and policies enacted by the republican government

\textsuperscript{57} Topik 1987, 38. Topik additionally cites attacks on Campos Sales’ acceptance of the Funding Loan terms by “the press, by commerce, by planters, and even by the São Paulo Republican party.”

\textsuperscript{58} The Banco da República was one such institution that suffered from large debts and could not meet the onslaught of note withdrawals dictated by federal policy. The Banco da República was the product of a merger between two of the three super-banks established in 1890, the Banco dos Estados Unidos do Brasil and the Banco Nacional, and had functioned for years as the unofficial national bank. The dissolution of this bank in 1900 intensified the collapse of the banking system induced by the demands of the Funding Loan of 1898. On the dissolution of the Banco da República, see Topik 1987, 38.
from 1905 onward were cautious, and aimed to establish a stable and lasting banking system, rather than extract foreign capital for government use or provide short-term capital for domestic industry or business growth.

The Banco do Brasil was established by law on December 30, 1905. The shares were split evenly among three groups: the federal government, the shareholders of the now defunct Banco da República, and the public, which was able to purchase shares on the stock market. The Banco do Brasil would function as a central bank, providing loans to the government and accepting deposits from the Treasury, making all currency exchanges for the Republic (thus exclusively determining the rate of the *mil-réis*), and maintaining high reserve ratios in order to aid other banks in the event of an economic crash.\(^{59}\) The failure of banking deregulation in the 1890’s influenced the government to put certain limits on the bank’s functions. The Banco do Brasil could not, for instance, purchase stock in other companies or make long-term investments of more than six months. Neither was the bank a bank of issue - all rights to issue currency were granted to the federal government in the reforms of 1905.\(^{60}\) Although the bank was responsible for government loans and deposits, it generally was not awarded any special concessions over other banks, and the prohibitions on long-term investments, stock purchase, and issuing notes were mandatory for all banks.\(^{61}\) The emergence of a stable banking system was generally welcomed, although industrialists had contentions over the absence of long-term credit, and foreign banks opposed the Banco do Brasil’s monopoly on trading

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\(^{59}\) Topik 1987, 39.

\(^{60}\) Ribeiro and Guimarães 1967, 127.

foreign currencies. The banking system was conservative, and domestic and foreign confidence alike increased. The mil-réis was at its strongest level since the beginning of the Encilhamento, and foreign investment in the country increased twofold from 1902 and 1914. The strength of the domestic economy led to federal surpluses for the first three years after the creation of the Banco do Brasil. Although all types of banks thrived under the conservative measures, domestic banks increased their market share from the beginning of the new conservative policies until the end of the First Republic in 1930: in 1907, 30% if all deposits were made to foreign banks, while in 1930, only 19% of Brazil’s total deposits were made in foreign banks.

The federal government of the First Republic reacted to the financial catastrophes of the late nineteenth century and early twentieth with prudent, conservative banking policies. Beginning in 1905, and continuing the trend of limiting banks in their scope and investments through 1930, the government succeeded in creating a stable banking system that generally attracted foreign and domestic investment, without either group being severely disadvantaged by the system. A stable Brazilian currency, transparency in banking laws and procedures, and, with the exception of the dominant Banco do Brasil, a competitive market among foreign, domestic, public, or private banks, the banking system of Brazil’s First Republic avoided any major collapses. From 1905-1930, financial policies remained fairly consistent. Writing to the IMF in 1967, Brazilian monetary authorities said of the Banco do Brasil of 1906: “Although modified by laws and revisions of its bylaws (the government has acquired virtual control) which have

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62 Triner 2000, 74-77.
63 Topik 1987, 41.
64 Ribeiro and Guimarães 1967, 142.
generally expanded and modernized its functions – except for the banking reform of 1964, which restricted its sectors of activity – it is the same Bank of Brazil we know today…"\(^{66}\)

The case of Brazil is thus much more complicated than that of Mexico. Whereas the Díaz regime consistently structured banking laws that were pleasing to foreign investors, while at the same time detrimental to domestic participants, the First Republic’s policies were inconsistent in its favoritism of domestic and foreign investment. It appears that the Brazilian government attempted to promote domestic expansion to the detriment of foreign investment in its early years, but ultimately failed. This failure and collapse of the economy left the Brazilian government no other alternative but to comply with the demands of foreign investors. The conservative and stable banking policies of the First Republic after the 1898 Funding Loan represent a middle ground between catering to domestic and foreign financial elites. The federal government made banking laws uniform, without noticeable favoritism to either domestic or foreign banks. It did, however, vest most power with the central Banco do Brasil, whose powers and limitations were conservative enough to ensure that in a time of crisis, another burdensome foreign loan to the republic would not be necessary. Indeed, not another loan the size or scope of the Funding Loan was made during the remainder of the First Republic’s rule. By making the Banco do Brasil the cornerstone of the Brazilian banking system, the federal government also ensured that it controlled and monitored Brazil’s monetary policy, without having to rely heavily on state banking policy. The First Republic’s motivations in crafting banking policy therefore relied much more on changing economic and political circumstances than Mexico’s government did. Whereas

\(^{66}\) Ribeiro and Guimarães 1967, 126.
the Porfirian regime’s consistent and primary goal was to access foreign capital for its own use, the First Republic of Brazil was forced to consider various conflicting interest groups in order to maintain political power, while simultaneously worrying about attaining funding for itself. Banking laws after 1905 aimed principally at ensuring the federal government’s importance in monetary policy, while striking a balance between foreign and domestic interests.
Conclusion

The two cases presented above demonstrate the political nature of structuring national banking systems. By shaping the transfer and allocation of a country’s funds, a government strongly influences which groups will be allowed access to capital, investment opportunities, and influence in national financial policy. The construction of national banking systems is thus connected with the aspirations and preferences of a country’s government, and cannot be read as an apolitical action aimed purely at increasing a nation’s wealth, nor an inevitable result of modernization. I have intended to show how two different forms of government have approached the task of creating their nations’ first modern banking systems and how the different regimes necessarily sought legitimacy and approval from distinct interest groups by way of their banking laws. My hypothesis suggested that the Mexican government of Porfirio Díaz would structure banking laws that would facilitate foreign loans and investment by limiting the power of domestic banks and investors. This hypothesis was derived from the supposition that the Díaz dictatorship would desire to control and distribute as much of the nation’s capital as possible in order to maintain its power and influence over regional officials and citizens. Alternatively, the political climate of Brazil during the First Republic forced the federal government to seek approval and support from powerful states. I proposed that the federal government of the First Republic, in an attempt to assert political relevance and authority over the states, intended to create a banking system that encouraged interstate involvement and investment. The promotion of strong domestic financial institutions
would thus limit the influence of foreigners, and allow the federal government more control of monetary and economic policy.

My analysis concludes that the Porfirian government was successful in structuring a banking system that would suit its aims for both access to large amounts of capital and limiting the number of financial institutions and actors with influence on economic policy. The preeminence of a foreign-controlled bank, Banamex, within the Mexican banking system and the enactment of statutes limiting the growth of domestic banks indicate the emphasis the Porfiriato placed on securing foreign legitimization. Because the banking system was highly concentrated and entry was strictly controlled by the autocratic government, the benefits of banking really only extended to elites already in power or with ties to the government. The structure of the banking system is not surprising, however, as it reflects certain consistent characteristics of the Porfirian regime.

The penchant for wealth concentration, federal control of capital, and allowing foreign influence on the banking system is paralleled by Porfirian policies in other arenas. For instance, the Porfirian government had organized the redistribution of land in order to create large agricultural plots in the name of modernization. Small farmers were naturally disadvantaged by this policy. The concentration of land, like banks, in the hands of a few elites may have provided quicker and more abundant returns for the government in the short-term, but ultimately led to discontent among small-scale farmers. Similarly, the majority of Northeastern business and agricultural elites were supportive of the Revolution to overthrow Diaz, particularly because they viewed the autocratic regime
as unduly favoring foreign economic and commercial interests over their own. The national perception that the Díaz government was more interested in protecting foreign interests was heightened after a violent outbreak at the Cananea Consolidated Copper Company in Cananea, Mexico in 1906. There, Mexican laborers complained that their wages and positions were inferior to those of workers from the United States. After the workers went on strike, American troops were permitted to enter Cananea in order to protect the American mining company’s property and interests. Several Mexican workers were killed in the incident, focusing national “attention on the Díaz policy of protecting foreigners at the expense of Mexicans.” The incident at Cananea inspired other labor strikes across the country. These facets of the government policy, manifested in the construction of the banking system and in other political actions, ultimately contributed to the support for ousting Díaz in 1910.

In the case of Brazil, research shows that the federal government of the First Republic was not weak in the matters of financial and monetary policy. Early attempts at bank deregulation, although ultimately a failure, demonstrated a clear federal objective to deflate the currency and spur interstate industry and trade. These initial banking laws signaled to foreign creditors the intention of the government to found strong domestic institutions which would counter both foreign and individual states’ power over the Brazilian economy. When the First Republic did have to return to foreign funding in 1898, it did so out of necessity more than a desire to win favor from foreign creditors. After some years of economic recovery, the federal government once again sought to establish a banking system centered around one nationalized bank, the Banco do Brasil.

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68 Meyer and Sherman 1995, 490.
The government also enacted legislation to limit the powers of other banks, including foreign banks. Displeasing regional elites was far more politically dangerous to the federal government that upsetting foreign financiers, and thus the banking system after 1905 reflected the wishes of the Brazilian imperial elites, domestic bankers, wealthy agriculturalists, and industrialists who were all intimately connected with the Brazilian political sphere. Sometimes the interests of domestic elites coincided, but by creating a government-owned, powerful super-bank, the Brazilian government ensured that it would have the last say concerning financial policy.

The restructuring of the Brazilian banking system in 1905 paved the way for a more activist federal government beyond banking and financial policy. As seen, setting currency values and issuing bank notes were the exclusive privileges of the Treasury and the Banco do Brasil. The federal government’s banking policies also expanded financial markets within the country and were able to connect businesses and industries across state borders, a task that would have been difficult had the states been able to maintain their often conflicting finance policies. Importantly, the federal government began to assert its legitimacy and relevance within the fractured, regional political system. After the Revolution of 1930, the State increased its activist role under Getúlio Vargas in finance and other arenas. Vargas, who had served briefly as Minister of Finance from 1926-1928, succeeded in increasing the State’s participation in and supervision of the national economy, including the oversight of “steel, infrastructure, mining, and automobile production.”69

The Banco do Brasil meanwhile preserved its central, managerial role within the Brazilian banking system. In 2004, the Banco do Brasil is still

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69 Triner 2000, 187.
Brazil’s largest bank and remains government-run, with the Brazilian Treasury owning 71% of its stock.\textsuperscript{70}

The banking laws and systems that emerged under the Porfirian government in Mexico and the First Republic in Brazil reflect the more general motivations and policies of the respective regimes. The correspondence between the structure of banking systems and government policy on a larger scope strengthens the tie between the financial and the political stages. In particular, because capital is a necessity for proper and effective governance, governments are motivated to structure banking laws in a manner that is most favorable to their needs. Regimes will thus have a tendency to evaluate the groups from which they need the most favor, and award these groups special concessions in return for loans, capital, and investment. Porfirian Mexico sought legitimacy and approval from foreign creditors, while the First Republic of Brazil looked to domestic elites for support; the texts and results of these countries’ banking laws substantiate this assertion. Although by no means an indicator of regime type in itself, banking laws may offer political scientists, economists, and historians support when analyzing and evaluating the motivations and preferences of governments.


<http://www.hoovers.com/banco-do-brasil/--ID__42883--/freeuk-co-factsheet.xhtml>


